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SUBJECT: BRAZIL: 2009 COUNTRY REPORT ON TERRORISM

¶1. (U) The Brazilian government continues to cooperate in countering terrorism and related activities that could contribute to the facilitation of attacks in the region or elsewhere-to include investigating potential terrorism financing, document forgery networks, and other illicit activity. Operationally, elements of the Brazilian government responsible for combating terrorism, such as the Federal Police, Customs, and the Brazilian Intelligence Agency, work effectively with their U.S. counterparts most of the time and pursue investigative leads provided by U.S. and other intelligence services, law enforcement, and financial agencies regarding terrorist suspects.

¶2. (SBU) There are two separate discourses in the government of Brazil on counterterrorism; politically, Brazil continues to deny the presence and potential threat of terrorists and terrorism in Brazil, while law enforcement and intelligence monitor and cooperate to counter the threat. The head of the Brazilian Federal Police (DPF) intelligence division in July went on record during a Brazilian Chamber of Deputies hearing on terrorism and admitted that an individual arrested in April was in fact linked to al Qaeda (AQ). Despite the statement, most GOB officials continue to toe the party line and deny any evidence that terrorists have, or would be, interested in establishing a presence in Brazil.

¶3. (SBU) Brazil's intelligence and law enforcement services are concerned that terrorists could exploit Brazilian territory to support and facilitate terrorist attacks, whether domestically or abroad, and have focused their efforts in the areas of Sao Paulo, the tri-borders areas of Brazil, Argentina, and Paraguay; Brazil, Peru, and Colombia; and the Colombian and Venezuelan borders. Other branches of the Brazilian government, particularly the Ministry of External Relations, do not believe Brazil is vulnerable to terrorism-related activities and instead focus more heavily on threats from transnational crimes. In October 2009, the MRE did admit, for the first time, that terrorists could become interested in Brazil because of the award of the 2016 Olympics to Rio de Janeiro. Brazilian law enforcement's recognition of the potential threat from terrorism prompted a reform of the Brazilian Intelligence Agency (ABIN) that could raise the profile of the issue by upgrading the counterterrorism division to the department level.

¶4. (SBU) Brazil's intelligence and law enforcement forces work with regional and international partners. Brazil participates in regional counterterrorism fora, but is less committed to regional groups in which the United States is involved. Brazil is actively involved Mercosul's working group on terrorism and the sub-working group on financial issues, the latter of which discusses terrorism financing and money laundering among the Mercosul countries, but has proven difficult to engage in 3+1 mechanism on security in the Tri-Border Area (TBA), where Brazil, Argentina and Paraguay share a

border.

¶5. (U) Bilaterally, the USG provided a variety of training courses throughout Brazil in counterterrorism, combating money laundering, detection of travel document fraud, container security, and international organized crime. In 2009 the USG again hosted a Major Crimes Conference that successfully brought together Brazil and neighboring countries' federal and state law enforcement communities and judges and prosecutors to share best practices and receive practical training.

¶6. (U) Although Brazil has no official list of terrorist groups and does not recognize the FARC as one, President Luiz Inacio Lula da Silva has been critical of the FARC's use of violence and has publicly called on the group to desist in the armed struggle against the Colombian government.

¶7. (U) Brazil is capable of monitoring domestic financial operations and effectively utilizes its financial intelligence unit, the Financial Activities Oversight Council (COAF), to identify possible funding sources for terrorist groups. Through COAF, Brazil has carried out name checks for persons and entities on the UNSCR 1267 and 1373 terror finance lists, but has so far not found any assets, accounts or property in the names of persons or entities on the UN terror-finance lists.

¶8. (U) Brazil also continues to undertake steps to enhance its capabilities to combat money laundering. Since 2003, fifteen specialized money laundering courts have been established,

including two in Sao Paulo, with each court headed by a judge who receives specialized training in national money laundering legislation. In addition, in 2008, the United States and Brazil established a working group with money laundering judges to share best practices and training needs.

¶9. (U) A 2006 national anti-money laundering strategy goal was formed aimed to build on the success of the specialized courts by creating complementary specialized federal police financial crimes units in the same jurisdictions. In 2008, the federal police established such units in the Federal District (Brasilia) and the states of Rio de Janeiro and Sao Paulo. In addition, the Ministry of Justice funded the creation of technology center to combat money laundering in the federal district and Rio de Janeiro, the latter of which received two such centers, one embedded with the Public Ministry and one with the State Civil Police. In 2008, the Ministry signed accords to establish additional centers in Bahia, Goiais, and Rio Grande do Sul.

¶10. (SBU) The government of Brazil's counterterrorism strategy consists of deterring terrorists from using Brazilian territory to facilitate attacks or raise funds, along with monitoring and suppressing transnational criminal activities that could support terrorist actions. It accomplishes this through actions between its law enforcement entities and through cooperation with the United States and other partners in the region. For example, in 2009 Brazilian authorities began in earnest to work with other concerned nations (particularly the U.S.) in combating the significant and largely unchecked document fraud problem in the country. During the year, multiple regional and international joint operations with U.S. authorities successfully disrupted a number of document vendors and facilitators, as well as related human-trafficking infrastructures. This included one of the largest visa fraud cases of its type in U.S. law enforcement history.

¶11. (SBU) In 2009, the work on the U.S.-Brazil container security initiative in Santos, Brazil was stalled after U.S. officials traveling to Brazil for the program had difficulties getting Brazilian visas. The container security initiative was created to promote secure containerized cargo to the United States through the establishment of a trade transparency unit to detect money laundering through trade transactions. The Brazilian Ministry of External Relations (MRE) was uncomfortable with the counter-terrorism focus of the program, but has recently agreed to issuing visas in support of the initiative.

¶12. (U) The Brazilian government is achieving visible results from recent investment in border and law enforcement infrastructure that

were executed with a view to gradually control the flow of goods-legal and illegal-through the Tri-Border Area (TBA) of Brazil, Argentina, and Paraguay, the proceeds of which could be diverted to support terror groups. The inspection station at the Friendship Bridge in the TBA that was completed by the Brazilian customs agency (Receita Federal) in 2007 continued to take effective action to reduce the smuggling of drugs, weapons, and contraband goods along the border with Paraguay. According to Receita Federal, from January to July 2009 the agency seized more than USD 400 million in contraband goods, including drugs, weapons, and munitions, an increase of eight percent from 2007. As a result of the effective crackdown on the Friendship Bridge, most smuggling operations now take place through the Parana River and Lago Itaipu and some have migrated to other sections of the border, such as the towns of Guaira and Ponta Pora. The Federal Police has special maritime police units in both Foz de Iguacu and Guaira that patrol the maritime border areas, but because of the scale and complexity of the endeavor to curtail smuggling and trafficking activities through the waterways, Brazil is considering using an unmanned aerial vehicle to assist law enforcement in monitoring the border, a development that could further improve border security.

¶13. (SBU) Brazil's overall commitment to combating terrorism and illicit activities that could be exploited to facilitate terrorism is undermined by the GOB's failure to strengthen its legal counterterrorism framework significantly. Although terrorist financing is an established predicate offense for money laundering, Brazil lacks legislation criminalizing terrorism or its financing as autonomous offenses. The 2005 National Strategy against Money Laundering (ENCLA) created a working group (composed of representatives of ministries involved in CFT, the judiciary, and the federal prosecutor's office) charged with drafting legislation

to criminalize terrorism and its financing. The draft legislation was never forwarded from the executive branch to the Brazilian Congress. A long-delayed anti-money laundering bill is still pending before the Brazilian Congress. The bill would facilitate greater law enforcement access to financial and banking records during investigations, criminalize illicit enrichment, allow administrative freezing of assets, and facilitate prosecutions of money laundering cases by amending the legal definition of money laundering and making it an autonomous offense.

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